

Gift of Vehicles & Vessels

Vehicles and vessels given by a previous owner to a new owner may be exempt from sales/use tax.

Washington-titled vehicles/vessels:

The donor must have previously paid sales/use tax in Washington. Proof of payment in Washington may be required. A statement of gift is required from the donor and does *not* need to be notarized. "Gift" written on the title as the purchase price *is* acceptable as the statement of gift.

Foreign-titled/registered vehicles/vessels:

Proof of payment of the tax paid by the donor in another state is required. This amount will be credited to the use tax due on the current value of the vehicle/vessel. If the owner of an out of state titled vehicle has owned that vehicle for at least seven (7) years and the titling is from a sales use tax charging State, no proof of tax paid is required.

Non-profit organizations and government entities:

Non-profit organizations and government entities are exempt from use tax on donated items whether or not the donor has paid the tax; however, donors of vehicles/vessels are not excused from liability for tax.

Vehicles/vessels with liens:

Use tax may or may not be due on vehicles/vessels with liens which are gifted.

If a vehicle/vessel is gifted and the donor continues to pay for the vehicle/vessel, there is no tax due. This is considered a true gift since the donor has received no money or "consideration" for the vehicle/vessel.

If the vehicle/vessel is gifted and the recipient agrees to assume the balance of a loan on the vehicle/vessel, monetary consideration is given to the donor who is relieved of paying the lien holder and use tax *is* due.